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ABSTRACT

This guide aims to help institutions of higher education in England develop and implement their human resources (HR) strategies. It provides advice and examples of good practice in key areas, in response to requests from institutions. The report supplements earlier guidance on developing HR strategies (March 2002) and presents information for areas for which there was little information available in the previous report. These areas are: (1) SMART-based outcome targets, reporting on areas with Specific, Measurable, Agree, Realistic, and Time-limited (SMART) outcomes; (2) equal opportunity targets; (3) reviews of staffing needs; (4) annual performance reviews; and (5) action to tackle poor performance. In assembling the guidance, the Higher Education Funding Council for England has been able to draw on the experiences of small institutions to reflect the progress made since the beginning of the initiative. (SLD)

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August 2003/37
Good practice
Guidance
This report is for information

This guide aims to help institutions develop and implement their human resources (HR) strategies. It provides advice and examples of good practice in key areas, in response to requests from institutions. The report supplements earlier guidance on developing HR strategies (HEFCE 02/14).

Implementing HR strategies

A guide to good practice

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Implementing HR strategies: a guide to good practice

To	Heads of HEFCE-funded higher education institutions Heads of universities in Northern Ireland
Of interest to those responsible for	Human resources management, Strategic management
Reference	2003/37
Publication date	August 2003
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Executive summary

Purpose

1. This guide aims to help institutions develop and implement their human resources (HR) strategies. It provides advice and examples of good practice in key areas.

Key points

2. In November 2000 the Government announced funding to improve the management of HR in higher education. Institutions submitted strategies, in two stages, over the following two years (see HEFCE 01/16 and HEFCE 02/09).

3. We published guidance on developing HR strategies in March 2002 (HEFCE 02/14). This guidance supplements the earlier document, and focuses on implementing strategies.

Action required

4. This report is for information and guidance.

Introduction

5. This document supplements the guide published in March 2002, 'Rewarding and developing staff in higher education: good practice in setting HR strategies' (HEFCE 02/14). It provides further guidance on the development of strategies and specific examples of good HR practice, to assist the spread of ideas and effective implementation across the sector.

6. In 2001, the first year of the HEFCE Rewarding and Developing Staff initiative, higher education institutions (HEIs) were asked to submit HR strategies covering six priority areas. These are set out in Annex A, and summarised below:

a. Recruitment and retention.

b. Staff training and development – including management development.

c. Equal opportunities – including job evaluation.

d. Regular reviews of staffing needs.

e. Annual performance reviews for all staff.

f. Action to tackle poor performance.

7. These strategies were assessed as either 'full' or 'emerging'. Relatively few achieved full status, so when the earlier document was produced there was less material available to illustrate good HR practice, particularly in relation to priority areas d, e and f. Since then the majority of HEIs have achieved full status, and many have used funding under the initiative to develop new areas of good HR practice.

8. We therefore decided to produce further guidance to support implementation, concentrating on areas where there was less practice to draw on in March 2002, and on areas where there have been requests for further guidance, notably:

- SMART outcome-based targets
- equal opportunities targets
- reviews of staffing needs
- annual performance reviews
- action to tackle poor performance.

9. In assembling the guidance we have been able to draw on the work of more small institutions, reflecting the progress that many have made since the beginning of the initiative. We are grateful to the institutions that have shared examples of their work, and to the individuals who have agreed to act as contact points.

Setting SMART outcome targets

10. As the initiative has progressed, institutions have increasingly developed strategies which show clearly stated targets and action plans. This is often a direct result of an improved capacity to assemble and analyse internal and external information, which in turn enables institutions to identify and quantify problems, and to set targets for improvement. Better data are also helping institutions to monitor the progress of their action plans and make judgements about the effectiveness and impact of new activities. However, many institutions have experienced difficulty in setting SMART (specific, measurable, agreed,

realistic, time-limited) outcome targets – as opposed to input, process, or output targets (see HEFCE 02/14 paragraph 67).

11. From the outset, we required HEIs to provide targets against which the impact of special initiative funding could be assessed. Outcome targets are essential because they enable institutions to assess the impact of activities, demonstrate that the desired results have been achieved, and determine any further improvements needed.

12. Examples of areas where improvements may be sought and actions put in place are: reductions in staff turnover or absenteeism, better representation of certain groups, or increases in staff satisfaction. Outcome targets for these areas could include:

- reducing the turnover of IT staff from 25 per cent to 12 per cent per annum by 2005
- reducing absenteeism from an average of 12 days to 6 days per annum by 2005
- increasing the proportion of minority ethnic staff from 3 per cent to 6 per cent by 2005
- increasing the proportion of staff satisfied with their performance review from 55 per cent to 70 per cent over the next two years.

These targets are SMART and outcome based because they specify measurable improvements within a defined timescale. The scale and timing specified for each improvement must also be seen as achievable and realistic by the institution concerned.

Problem areas

13. Most institutions recognise the distinction between outcome and other kinds of targets and the need to demonstrate the impact of their actions. However many HEIs continue to have concerns about setting outcome targets. The problems generally fall into one of three categories:

- insufficient information is available to set meaningful targets
- it may not be possible to achieve the targets, so it is better not to set them at all
- setting targets will produce undesirable or unexpected results.

14. These concerns are understandable, although the first is being overcome as more HEIs improve the quality and quantity of baseline data they are able to assemble. The good practice now lies in refining information gathering and putting it to use. This may include bringing together 'hard' data, such as turnover, with 'soft' data, such as staff and student satisfaction surveys, to set outcome targets for recruitment and retention and other priority areas.

15. The second concern relates to the nature of outcomes: that they are the result of actions, not the actions themselves. Outcomes are not wholly subject to direct control and there is always a possibility that they may not be achieved. Nevertheless, they are the real test of whether actions are having the desired effect. Ensuring that the analysis of problems and aspirations drives targets and actions will help to keep the strategy focused. It also avoids activities being pursued for their own sake, or after the need for them has passed. It is therefore important to analyse aims and objectives rigorously, and to establish priority areas for action. Setting too many outcome targets dissipates effort and makes it less likely that they will be achieved. Targets must also be realistic. An element of challenge is important, but institutions need to take account of the level of improvement that can be attained in the timescale, remembering that phasing improvement strategies, and the targets that reflect them, is an acceptable option.

16. The best strategies set targets which reflect an analysis of what change is needed, and spell out a convincing set of actions to show how the targets will be achieved. Sometimes these actions are captured in intermediate input, process or output objectives. Outcome targets may not be achieved, despite exercising due care in setting them. In such cases it is important to learn from and explain what has happened, and intermediate objectives will be of help here. If, for example, staff turnover remains above target, the HEI should consider whether the proposed supporting actions were delivered (such as changes to pay scales, or job redesign to improve job satisfaction). If not, this could provide an explanation and a guide to further work required. If they were achieved, it suggests either that there has been some unforeseen change in the external environment, or that further analysis is needed of the causes and actions required to tackle turnover.

17. It is true that the act of measuring may change behaviour, producing perverse and unintended effects. However, HEIs are in a position to choose their own targets, and to alter targets if they notice any perverse effects, which should help to avoid this problem.

18. Examples of good practice in using outcome targets are given below. Some show clear numeric improvements within a given timescale. In other areas, where setting numeric targets may be less straightforward, staff surveys can provide data that allow targets to be set and progress monitored. Targets could include the impact of staff development activities, satisfaction with annual review processes, or perceptions about the 'diversity friendliness' of an institution. The overall purpose of an HR strategy is to support the achievement of an institution's corporate strategy. Hence a measure of the impact of some activities, such as senior management development, might reasonably include the achievement of corporate goals.

19. Paragraphs 20-32 give examples of outcome targets covering the first three priority areas. Good practice in the remaining priority areas is considered in paragraphs 33-54. Both sections include examples from institutions.

Outcome targets for recruitment and retention

20. Institutions with adequate baseline data are able to set quantified outcome targets in such areas as:

- reduction in turnover of staff
- reduction in vacancies
- increase in applicants good enough to be short-listed, particularly in subjects where recruitment is difficult
- increase in the percentage of appointees who successfully complete their probationary period
- improvements in staff satisfaction.

Some HEIs make links between such targets and equal opportunities, by setting specific targets for increases in the number of applications and appointments by gender or ethnic group.

21. The supporting activities designed to tackle recruitment and retention difficulties often include changes to:

- the whole recruitment process

- advertising practices, using different media
- selection processes
- induction processes and probation
- pay and grading
- working practices, and non-monetary rewards
- staff management
- exit interviews.

22. Case study 1 shows how one institution has developed targets that focus on recruitment and retention.

Case study 1
Improving recruitment and reducing staff turnover
King Alfred's College, Winchester

King Alfred's is a small college, in a challenging labour market, which has adopted some innovative solutions to its recruitment problems for both academic and non-academic staff.

Within Hampshire alone, King Alfred's faces competition for staff from the University of Southampton, Southampton Institute and Portsmouth University. Other nearby HEIs include Surrey University, Reading University, Surrey Institute of Art and Design, University College Chichester, the Arts Institute at Bournemouth and Bournemouth University. Sub-regional competition for support staff with specific skills, combined with experience of HE, and in certain academic disciplines, is therefore intense. The college needs to be distinctive for staff as well as students. Addressing salary issues is a related priority.

Turnover is notably high among manual staff, at over 20 per cent, and among support staff at 17.5 per cent. The local job market for administrative and manual staff is extremely tight, with very low unemployment and higher wages than those negotiated nationally for the sector, so the college is not competitive in certain grades.

Turnover among academic staff is running at 11 per cent, with variations in subject areas. If the issue for manual and support staff is one of recruitment, for academic staff it is more one of retention.

Actions that focus on recruitment and retention and address harmonisation include the use of market supplements, incentives for certain manual grades, and a revised pay structure. The following are examples of outcome targets (shown in bold) arising from the identified problems, with a summary of the related actions. The aim is to achieve them by 2005:

- new pay structure by August 2003 will offer more attractive reward systems which will **increase applications in subject shortage areas (Education, Business) to 3:1**
- harmonisation of pay scales for manual staff and administrative, professional, technical and clerical grades will improve recruitment and career structures; **manual staff turnover will reduce to 15 per cent**
- following a pilot, continue market supplements and accelerated increment scheme for IT staff, for a further two years, to **maintain current reduction in turnover**

- **retention of the existing staff base in personnel** will be ensured through provision of Institute of Personnel and Development training
- **filled vacancies among cleaning staff will reach 70 per cent** through the creation of a buddy system and a reward for staff who assist recruitment and retention in this area
- **turnover of academic staff in the first three years of service to reduce from 30 per cent to below 25 per cent.**

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Staff satisfaction

23. Many HEIs recognise the need to address issues that cause staff to leave, and are planning a more systematic use of exit interviews to identify such problems. The more forward-looking institutions also use or are intending to use regular staff opinion surveys as part of their improved arrangements for monitoring progress towards staff recruitment and retention targets. Case study 2 shows how one institution uses the results from its staff survey.

Case study 2
Staff satisfaction and leaving surveys
University College Northampton

UCN seeks to make full use of the information gained through leaving surveys and the staff attitude survey to identify and track retention strengths, as well as to understand the 'dissatisfiers', addressing these where reasonable, practicable and affordable.

The college applies this knowledge to inform recruitment processes and the design of salary packages. This has resulted in job redesigns, changes to advertising, use of market rate supplements to salaries, and the introduction of transparent career development pathways, and contribution-related pay.

Staff satisfaction is measured alongside, and in the context of, employee turnover. The following improvement targets have been set for achievement by 2004:

- overall employee turnover reduced from 12 per cent to 8 per cent
- overall staff satisfaction increased from 81 per cent to 83 per cent
- staff attitude survey response rate increased from 55 per cent to 63 per cent.

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Staff development

24. The focus for staff development work is becoming more closely linked to the strategic priorities in the institution, as opposed to responding solely to individual demands. Outcome targets are often set in

the following areas, emphasising what staff development activities are seeking to achieve, and looking beyond the activity itself:

- improving research capability and performance, as measured, for example, through the Research Assessment Exercise
- improving the quality of teaching and learning, as measured by student feedback, through professional development including the enhanced use of information and communications technology
- improving equal opportunities practices and representation across the institution, as measured by percentages of groups in specified posts or areas
- management development designed to lead to improved institutional performance in areas such as income generation, student recruitment, or the recruitment of high calibre staff.

25. This shift in emphasis arises from an analysis of institutional issues, and recognition of the important role of staff development in tackling them. Evaluation of staff development activities is necessary to assess their impact at a faculty or institutional level, but this may be a more complex exercise than when such activities are simply designed to respond to individual development needs.

26. Evaluation has to examine what an initiative is designed to achieve. If it is to help individuals achieve their own goals then it is reasonable to assess this by asking participants about the value of the programme and whether they are able to apply new skills. However, activities may be designed to achieve organisational goals, such as better use of an appraisal system to increase staff morale and motivation. In such cases the evaluation may include feedback from the managers involved, but should also include an assessment of whether appraisals are universally undertaken and, most importantly, how those involved experienced them. Some institutions are using staff surveys to collect this information; and Teesside University, for example, has forums for each group of staff. Similarly, an evaluation of the impact of programmes to improve teaching standards needs to include the views of students and external assessors. Birkbeck College has successfully introduced student feedback into its system for planning and evaluating staff development.

Equal opportunities

27. This is an area where many institutions have struggled to establish outcome targets. Access to accurate workforce and labour market data can be an issue here. However, some of the difficulties undoubtedly reflect the fact that target setting in this area is a public demonstration of an organisation's commitment to the diversity of its workforce, and institutions know that their performance will be closely monitored.

28. All institutions see the case for fairness in recruitment and promotion practices, and in reflecting the diversity of the student base and of local, national and even international labour markets. Those institutions that see diversity targets as a mechanism for increasing the pool of potential job applicants, and the range of experience and creativity within the institution, demonstrate inclusive approaches that attract and retain staff members who are not white, male and non-disabled (the characteristics of most staff or applicants for some types of post).

29. Institutions are sometimes unsure what reference points they should use in establishing equal opportunities outcome targets. A simple but adequate approach is to distinguish between locally and

nationally recruited staff groups, and to compare the composition of the current workforce with the economically active population. This is particularly relevant for the proportions of minority ethnic and disabled staff in the workforce. Examination of the gender composition of a workforce often raises questions about the proportions of women in senior and managerial posts. Here it is difficult to sustain an argument for achieving other than a 50:50 mix over time. Some institutions are already in this position and their targets reflect the need to maintain it. Others recognise that men may be under-represented in, say, administrative and clerical grades, and have set targets to address this.

30. The examples below (case studies 3-5), as well as setting targets that are clear, measurable, time-bound and comprehensive, have also set them at levels which are stretching. The institutions have not accepted that because their performance is relatively good, they have no need to aim for a better outcome. They also demonstrate the wide range of activities that can help bring about improvements.

Case study 3
Recruiting and supporting ethnic minorities, women and disabled people
Sheffield Hallam University

Sheffield Hallam has analysed the trends and behaviours beneath the headline data, which show performance that the university itself describes as 'reasonable', and produced targets for improving performance, especially in terms of promotion and reward. It acknowledges that narrowing recruitment and promotion gaps will depend to an extent on turnover, job evaluation and staff development, but seeks to exert an influence on these forces as part of its strategy.

Ethnic minority targets
We aim to increase the proportion of ethnic minority employees to 6 per cent of the workforce by 2005, and to monitor their career progression within the university. We aim to do this by:

- establishing an evaluation unit to ensure compliance with the Race Relations Amendment Act, and evaluate results from the staff and student attitude surveys
- appointing an equality researcher to analyse and improve existing data in relation to ethnicity, and to provide more sophisticated information and analysis in relation to employment practice
- working in partnership with the city council to support the Positive Action Training Scheme, a training scheme for individuals from ethnic minority groups.
- tracking career progression for ethnic minority and female staff following the introduction of the new HR system in 2004
- advertising jobs in media targeted at specific ethnic communities
- staff development and training in equal opportunities, specifically in relation to recruitment
- producing an annual diversity report for the vice-chancellor.

Gender targets
The following targets relating to the gender of staff are to be met by December 2007:

- a 10 per cent increase in the proportion of female staff across all senior staff grades (including professors)
- a balance of 50 per cent males and 50 per cent females on academic grades

- a 50 per cent reduction in pay differentials between genders on all staff grades.

Disability

We aim to achieve the 'disability kitemark' by the end of 2004 (the recognition awarded by the Employment Service to employers who have agreed to take action regarding the employment, retention, training and career development of disabled employees).

This will involve an audit to assess our track record of employing people with disabilities and will help us to identify priority areas for action.

In addition we will ensure that managers throughout the university are trained in equal opportunities relating to disability, and that they apply those principles in the recruitment, management and support of staff.

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Case study 4
Using monitoring and national data to set targets
Liverpool John Moores University

Improved monitoring systems enabled Liverpool John Moores University to clarify its priorities. It found that:

- a greater percentage of women applicants are being appointed and, at 17 per cent, the university has a higher number of female professors than the national average (12 per cent). However, there is a gender imbalance within types of post held and salary grades, and women predominate at the lower salary levels and men at the higher
- the volume of minority ethnic applicants is in proportion to the national population but there are none in senior management positions
- the university attracts a very low number of disabled applicants.

The following targets for recruitment have therefore been developed:

	Men	Women	Disabled	Ethnic
UK population	29 million (49	30 million (51	8 million (13 per	4 million (7 per
UK population	16 million (55	13 million (45	3.4 million (12	1.6 million (5.5

active				
North-West	1.8 million (56 per cent)	1.4 million (44 per cent)	0.4 million (11 per cent)	<0.1 million (4 per cent)
Liverpool John Moores (based on 44 per cent return rate of staff audit Feb 2002)	545 (49 per cent)	572 (51 per cent)	125 (11 per cent)	62 (5 per cent)
Targets for next 3-5 years	50 per cent	50 per cent	13 per cent	7 per cent

The university will conduct a pay audit and will, if necessary, develop further actions to explore barriers to promotion.

In addition, a special equal opportunities project has been set up to help the university meet challenging demands, such as widening participation, the Race Relations (Amendment) Act 2000, and the Special Educational Needs and Disability Act 2001.

Contact

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Case study 5
Outcome targets to develop a diverse workforce
Staffordshire University

The university has established a comprehensive set of outcome targets designed to ensure systems and processes support the development of a more diverse workforce.

As a proportion of academic staff, ethnic minorities are well represented compared to the national figure of 5.5 per cent (5.2 per cent overall and 7.9 per cent of professors). Staff from an ethnic minority background represent 2.1 per cent of non-academic staff, which is identical to the local population. However, a further breakdown reveals that only 3.4 per cent of senior managers come from an ethnic minority background and this needs to be improved.

An analysis of application forms showed that while the overall application rate from the ethnic minority population is high, at 8 per cent, improvement needs to be made in senior management and manual vacancies.

Objective: To change the population profile within the university to reflect more accurately the local and national population in terms of ethnicity

Action	Method	Timescale
1. Increase the number of senior	• As part of the recruitment review, to change	July 2004

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increase of two people within a group of 87.	gender). • Ensure all interview panel members have had equal opportunities training. • Re-assess the criteria used in person specifications to avoid over-specification.	
2. Achieve a job application rate from ethnic minority applicants of 2 per cent for manual posts (to reflect the local population profile), and of 5 per cent for senior management posts (to reflect the national population profile).	• As above. • As part of our recruitment review, to identify more relevant media for job adverts and to review the advert style and content to encourage a more positive response from ethnic minority applicants. • Start monitoring internal vacancy applications to obtain more accurate data.	July 2004
3. Increase the number of ethnic minority representatives in senior management positions on committees from 2.7 per cent to 5 per cent. This equates to an increase of two people within a group of 75.	• Review the committee structures and membership procedures.	July 2003

The majority of staff at the university are female but there are several areas where women are under-represented, so targets have been set to address these issues.

Objective: To change the population profile within the university to reflect more accurately the local and national population in terms of gender		
Action	**Method**	**Timescale**
1. Increase the number of women in senior management posts from 32 per cent to 40 per cent. This equates to an increase of seven people in a group of 87.	• As part of the recruitment review, to change the application form to remove all personal information other than skills, experience and qualifications (such as name, address, age, gender). • Introduce flexible working arrangements to enable women to balance work and childcare commitments. • Revise the current job-share scheme: - analyse take-up rates - obtain feedback from managers and participants - benchmark against other schemes - re-write and re-launch the scheme - include in diversity training for managers and staff. • Ensure all interview panel members have had equal opportunities training.	July 2004

	• Re-assess the criteria used in person specifications to avoid over-specification. • Introduce a job evaluation scheme to ensure equal pay for work of equal value. • Investigate the use of specific training and development programmes for women.	
2. **Increase the number of women professors from 13 per cent to 20 per cent.** This equates to an increase of three people in a group of 38.	• As above. • Review procedure for professorial appointments.	July 2004
3. **Raise application rates from women for senior management positions to 10 per cent, and for academic posts to 30 per cent.**	• As part of the recruitment review, to change the application form to remove all information other than skills, experience and qualifications (such as name, address, age, gender).	July 2004
4. **Increase the number of female senior management representatives on committees from 39 per cent to 50 per cent.** This equates to an increase of eight people in a group of 75.	• Review the committee structures and selection procedure.	July 2003
5. **Increase the number of junior male representatives on committees from 13 per cent to 25 per cent.** This equates to an increase of two people in a group of 15.	• Review the committee structures and membership procedures.	July 2003
6. **Maintain the level of returners after maternity leave at above 90 per cent.**	• Introduce flexible working arrangements to enable women to balance work and childcare commitments.	n/a

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31. There is a wide range of practice in equal opportunities, arising from what appear to be varying degrees of understanding and commitment. The best institutional strategies are very good, taking a broader view of equal opportunities, making links to corporate priorities of diversity among staff and students, inclusiveness and widening participation.

32. Disability as an aspect of diversity is identified by a smaller number of HEIs than race and gender. A few have made excellent progress in this area in relation to physical access and support for other

forms of disability. Proactive approaches to reducing harassment and bullying are also part of a broader look at equal opportunities for some institutions.

Reviews of staffing needs

33. Reviews of staffing needs and workforce planning require:

- sensitivity to external forces and drivers of change
- an ability to link longer-term aims and aspirations with the specifics of staffing and resource allocation
- cross-linkages between current and future workforce profiles and recruitment/reward strategies or staff development plans
- connections with equal opportunities and diversity aspirations and plans.

34. More HEIs are now collecting the internal data they need, and many have plans to invest in enhanced HR information systems. For the moment, however, weaknesses in the available data and in planning mechanisms make it hard for many HEIs to set quantifiable outcome targets in this area.

35. A good number of HEIs are aware that the age profile of staff is increasing, and are beginning to think about the consequences of this, but only a few are systematically undertaking succession planning. HR strategies would often benefit from thinking through how the skills and competencies identified in corporate plans will be acquired in-house or through recruitment. Research capability is rather better addressed in this respect than, for example, developing greater capacity for innovation, commercialism and entrepreneurialism among staff, or the ability to work successfully in partnership with other organisations.

36. A few institutions have taken a longer-term look at their staffing needs as part of a wider strategic review of the work of the institution. This might include falling student demand in some subjects (such as chemistry, physics and certain languages), which has led to phasing out courses and consequential staffing readjustments. Some institutions are therefore setting objectives for restructuring, and in some cases are allocating significant sums to fund current or anticipated severance and redundancy arrangements. Others have schemes to retrain and re-deploy staff where they can. Some institutions which are not currently facing this situation, but anticipate the need for restructuring, are updating policies and procedures. Case study 6 illustrates the kinds of activities which are useful in conducting a review of staffing needs.

Case study 6
Reviewing and meeting staffing needs
Sheffield Hallam University

The university conducts regular reviews of staffing requirements in schools and departments as part of the annual planning process. The factors taken into consideration to determine human resource requirements in each planning unit include:

- the long-term viability of an area of activity, in particular the ability to balance budgeted income and over time generate a surplus, and the resources needed to deliver quality
- changes in market demand affecting recruitment to courses
- the impact of factors, such as technology, which may change the skills required to deliver a subject
- new funded areas of activity, such as new contracts, partnerships or research.

When necessary, the university aims to implement changes to the staffing base through re-training, succession planning and voluntary severance. If these options are not possible, it has developed a restructuring procedure with provision for compulsory redundancy.

Retention of key staff during periods of change is critical to ensure a smooth transition; measures to induce key staff to remain in post are under consideration.

The changes outlined above have highlighted the need for further work on change management. The university recognises the need for a comprehensive and integrated framework, which incorporates a clear communication plan, and a range of options to enable managers to implement the necessary change more easily.

Staffing reviews and any consequential restructuring will be carried out by the executive teams in the schools supported by the HR department. The vice-chancellor will monitor all staffing reviews, and regular reports will be given to the finance and employment committee and the board of governors.

The HR department provides workforce profile data to managers to inform human resource planning. A critical feature will be the development of more sophisticated workforce modelling techniques to develop succession plans to deliver business objectives. Planning units also benchmark their performance against national and sector comparators, which includes the use of human resources. The planning process will increasingly take account of changing roles, workforce planning and succession planning as it adapts to changes in market provision and business orientation.

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37. All institutions need to ensure that changes in the external environment are tracked and reflected in internal staffing profiles. This requires good forecasting and information. The Royal College of Music does this comprehensively for a small institution, especially in relation to the external market (see case study 7). This is essential, given its specialist nature.

Case study 7
Internal and external data to inform staffing plans
Royal College of Music

The fact that much of the teaching and coaching in the college is provided by busy professional musicians, who combine work for the college with other professional work, gives a distinctive character to its staffing arrangements.

The college manages this fluid labour supply alongside changing patterns of demand. The numbers of teaching staff and the specialisms offered are reviewed annually in the light of projected student intake, student choices and revisions to programme design. Administrative staffing needs are also reviewed annually, in response to changing demands.

The senior management team receives twice-termly reports on numbers, distribution and patterns of leavers and joiners. The college also uses an HR database part-funded from the HEFCE special funding initiative.

The college is a member of organisations that provide data on the external environment, including national pay scales and revisions to current practice. Sources of information include: the Universities and Colleges Employers Association, Universities UK, London Higher Education Consortium, Federation of British Conservatoires, trades unions, Universities Personnel Association.

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38. It is not always possible for HEIs to recruit the staff they would like to maximise organisational effectiveness. It is therefore important to understand flows of staff in and out of the institution, and to ensure that current staff are used well. This means doing more than planning recruitment campaigns, and should encompass flexibility about roles and responsibilities, and providing support and training to staff whose roles need to change.

39. The University of Surrey Roehampton demonstrates a high degree of responsiveness to changing demands (see case study 8). For example growth targets, and the internal work to prepare for them, have recently changed in response to HE policy changes. Staff flexibility also requires internal change management since changes in roles, staff profiles or ways of working imply a new 'psychological contract' between HEIs and their staff. Effort needs to be put into supporting staff and understanding their needs as they adjust to these changes. Roehampton has recognised this issue and has a range of measures in place to address it.

Case study 8
Support for staff in managing change
University of Surrey Roehampton

The academic development strategy, which the university's 2002 HR strategy was designed to support, set out the university's ambition to grow by almost 50 per cent between 2001-02 and the end of the 2006-07 academic year. The HR department's approach to managing this expansion is characterised as much by support mechanisms for staff coping with major change as by planning for expansion.

The university has recognised the need to develop and enhance the skills of managers in relation to longer-term planning of their overall staffing needs and staff development. The HR department will continue to provide support and frameworks for dealing with recruitment, and restructuring or redundancy where this is required, and will help managers to negotiate flexible working arrangements or changes to conditions of service.

It will also build on an already positive climate for the conduct of employee relations, and existing communication and support mechanisms – such as the staff assembly and a network of volunteer harassment advisers. In recognition of a climate of change and increasing concerns over stress in the workplace, the university is also establishing more systematic methods to assess staff well-being, including periodic staff audits to seek data on the experience of working at Roehampton.

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40. Seeing changes in staffing needs and profiles as a constant feature of HR work (and using information about trends to inform other priority work, such as the impact of diversity initiatives) is essential to avoid crises and over-reliance on 'firefighting'.

41. Some institutions are seeking to improve the ability of their staff to use this kind of information to make better staffing decisions. The gathering and use of external information is less well developed: fewer institutions feed external data, such as labour market information, systematically into their workforce planning process. Many HEIs have had difficulty setting outcome targets for this requirement, and have settled temporarily for improvements in processes and the introduction of new HR systems, which will provide improved information and enable target setting in future.

Annual performance reviews

42. The vast majority of institutions recognise that they need to improve their managers' ability, confidence and willingness to undertake reviews of performance and, at the same time, that they need to enhance the acceptability and perceived value of the process for staff. Perhaps because of the range of skills and attitudes among managers, there is inconsistency in the extent to which annual performance reviews take place, and the quality of the review meeting. Consequently, many HEIs are making a substantial investment in training managers and staff in the use of these systems.

43. It appears to be difficult to set outcome targets in this area, and many institutions are relying on output measures – typically the percentage of staff who have an annual performance review meeting. However a few are using staff feedback, sometimes via surveys, to assess the quality and impact of the

reviews. Others are introducing wider sources of data, such as 360-degree feedback, observation of teaching, student feedback and peer assessment.

44. Overall, however, there is now more emphasis on performance appraisal alongside the more traditional identification of development needs, and on linking individual and organisational goals. Similarly, an effort is being made to move from a series of fragmented schemes to a more uniform approach, while recognising that some flexibility is needed to meet the needs of different staff groups.

45. For example, the University of Reading has successfully piloted a 'job-chat' scheme whereby annual appraisals for certain manual and clerical staff were undertaken by phone when it was not possible to meet their manager for a face-to-face session.

46. Clarifying and creating appropriate expectations is an important part of the longer-term culture change that is necessary if these new systems are to work effectively. Management training to build skills and confidence in the use of annual performance reviews is the most common approach, which reflects the problem of senior staff who have not previously seen this, or other managerial tasks, as part of their role. A related approach is to seek to embed the performance culture as part of the induction process. As part of this management of expectations, many institutions are reviewing and updating promotion and annual performance review procedures. Some HEIs are working to define the skills and competencies associated with particular academic posts – such as professor, reader or senior lecturer – to establish a clear benchmark of expected performance from individuals holding these positions, as well as setting clear criteria for promotion.

47. In managing performance, institutions are seeking to be more explicit about what is expected from staff and what kind of recognition and reward might be appropriate when staff excel. Equally they are seeking to raise the 'floor' of poor performance, and to make clear what will be the consequences of under-performance, as well as what support staff can expect to receive to address continuing under-performance. Case studies 10 and 11 demonstrate this approach, as do the case studies in the next section on managing poor performance (paragraphs 51-54).

48. The extent to which a performance culture is embedded in the institution affects the activities undertaken. Performance reviews can be especially powerful where a performance culture is relatively weak. They introduce at least one opportunity for staff to receive feedback, reflect on their achievements and career path, think about the future and set targets. Reviews will also help them benchmark their performance against that of colleagues. As the culture matures, typically performance reviews take place more often, involve two-way feedback or peer review, and are explicitly used as a motivational tool. Bishop Grosseteste College's performance categories recognise that assessing people as 'satisfactory' can be very demotivating, especially if most people receive this formal assessment.

49. It is common for performance reviews to be set within a framework, to ensure that they take place, and are consistent in style and content. It is also advisable to offer training and support to managers in giving and receiving feedback, and to staff so that they are clear what they can expect from the conduct and outcome of their review.

50. This progression can be seen in case studies 9-11: Exeter University is setting up systems; Bishop Grosseteste College is refining them; and Trinity and All Saints College is embedding them as an ongoing element of the line management role.

Case study 9
Setting up performance review systems
University of Exeter

Until recently, most personnel-related decisions in the university were taken by one of two committees: the academic staff committee for academics, and the staffing committee for support staff. Heads of schools – who were increasingly held accountable for the performance of their schools – had little discretion in what many organisations would consider to be routine staffing matters. The approval of the relevant committee had to be sought before any action could be taken on salaries or granting study leave.

The university has now devolved all routine operational decisions to heads of schools. In all cases, however, the decision-making process will be transparent, with access to an appeal mechanism.

Following the introduction of systematic job evaluation and appraisal, discretionary merit budgets have been allocated to each head. Analogous arrangements will be developed for the non-academic staff. The devolution of merit budgets and the explicit link between performance and reward represents a major departure for the university. Heads will receive considerable support from the personnel division while the new procedures are established. Trades unions will be fully involved in the development of the new performance management systems.

The university recognises that regular and effective appraisal is an essential tool for improving the performance of all staff. Devolved merit budgets will allow heads of school to reward those colleagues who have contributed to the achievement of school and institutional objectives.

The explicit link between performance and rewards means that heads will have to be very clear about their expectations of their staff. This may lead to a need to address instances of poor performance that may, in the past, have gone unattended. To ensure that all staff have the opportunity to perform the duties that are expected of them, processes are being developed within each school to ensure that workloads are, as far as possible, distributed evenly and equitably.

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Case study 10
Improving the impact of performance reviews
Bishop Grosseteste College

The college has a well-established annual appraisal system for all academic staff. This includes teaching observation by line managers and peers, and requires staff to agree targets for each year. A recent internal review of the process and its implementation indicated that the impact of appraisal could be improved as part of a more sharply focused performance review procedure.

The new system will improve performance review by ensuring it is:

- robust in its sensitivity to both exceptional and poor performance
- common, in its generic approach to both academic and support staff
- relatively simple to use
- geared to improving the performance of individuals and teams.

Performance is measured by line managers in five core competences on a three-point scale:

1 performance which consistently exceeds expectations and targets

2 performance which consistently fulfils expectations and meets targets

3 performance which persistently falls below expectations.

In the case of exceptionally good performance – judged against criteria published in the performance review document and anticipated to be a relatively rare achievement – the directorate has the option of adding a bonus to any incremental award, as outlined in the college's revised reward scheme. Bonuses may be considered for individuals or teams, and may take the form of cash or development opportunities or both.

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Case study 11
Embedding performance review into line management
Trinity and All Saints College

A corporate objective is to empower staff to contribute most effectively to the aims and objectives of the college by:

- providing a high quality structured programme of staff induction, appraisal, training and development
- offering staff the best possible range of professional and pastoral counselling and support
- involving staff appropriately in discussions about college strategy and planning.

The first college appraisal scheme applied to lecturing staff only. On occasions, weak monitoring led to some appraisals either not being completed or being completed without staff development needs being identified or addressed. A priority for the HR strategy was therefore ensuring the effective and consistent conduct of staff appraisals.

The cycle starts with a consultation meeting at which the appraiser and appraisee discuss the focus of the appraisal. The appraisee completes a self-assessment form, which helps him/her to reflect on past performance and to consider forthcoming challenges, targets and development needs. The appraiser gathers information about the appraisee's performance, and where appropriate observes him/her at work. At the ensuing appraisal meeting, the appraisee's performance and staff development needs are discussed. Targets are set within the context of the corporate plan, faculty development plans and other departmental plans, and standards of performance, as identified by the manager, are discussed. Action is then identified to resolve any problems. A mid-cycle review meeting monitors performance against the targets, considers the impact of action taken to resolve any problems, and assesses the effectiveness of any training undertaken. The appraisal is confidential to the appraiser and appraisee, but appropriate staff are informed of any staff development needs, so that these can be addressed.

Informal feedback from staff suggests that many people find performance appraisal a positive experience. However, some staff have concerns about the process. To address these concerns and improve staff perception of the appraisal scheme, the college is committed to ensuring that appraisers and appraisees are properly briefed about the purpose and process of appraisal, that appraisers are trained to carry out appraisals effectively, and that all staff have a clear understanding of their entitlement to performance appraisal through further, more substantial, training.

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Managing poor performance

51. The effective and routine management of poor performance is an area which still needs more work in many institutions. In some institutions the former separation of development review from performance management processes has resulted in a lack of understanding or capacity to address this issue, at least in relation to academic staff.

52. A small number of HEIs explicitly recognise the link between staff capability and the experiences and satisfaction levels of students, but often this information is not captured in individual objectives or monitored, for example using student feedback data. Similarly, HEIs that have identified a difficulty in getting managers to take action on poor performance rarely carry this through into objectives and targets that would measure whether they *are* taking action. This could be, for example, by monitoring the number of disciplinary cases, or whether improved willingness to tackle absence is leading to a reduction in days lost.

53. The importance of setting and maintaining expectations underpins some actions to improve induction and probation, where 'buddying' arrangements, for example, are seen as being helpful. Similarly, for established staff the performance review system can be used to negotiate a 'deal' (for example, the HEI will provide career development, support with stress, coaching and counselling but in return it expects delivery to certain standards from its staff). The term 'psychological contract' was not spelt out, but the concept lies behind this proposal. Such an approach moves towards preventing problems by having mutually agreed expectations and monitoring performance against them, rather than identifying poor performance when the situation may be entrenched and difficult to improve. Some institutions are seeking to identify the actions that lead to poor performance, so that these are better understood and can be picked up earlier or prevented.

54. It is crucial to manage poor performance properly and consistently, not just because of the threat of litigation, but also because of the impact on people, and because of what policies and practice around poor performance say about an organisation. Case studies 12-14 all locate management of poor performance in the context of staff development, and identify early intervention as crucial to preventing problems getting out of hand. They all express their policies and objectives firmly in the context of improving the learning experience for students.

Case study 12
Solving the problems of poor performance
University of Salford

A dynamic personnel department has overseen the development of several protocols to align practice and to support managers. Managing poor performance is seen as problem solving rather than discipline, and explicitly aims to safeguard the learning experience of students.

The executive group has acknowledged the personnel division's critical role in helping to deliver a successful merger and incorporation in 1996 and a major restructure in 1999. The personnel function is, therefore, acknowledged as having an integral role in the planning and delivery of the university's strategic goals. Following publication of the strategic framework, the university moved quickly to begin work on its staff strategy. One of the early findings was that it needed to introduce more effective and comprehensive ways to address the difficulties of staff who were under-performing.

Poor performance is seen primarily as a staff development issue that needs to be tackled by line managers. In order to ensure consistency, the personnel division has:

- required managers to use the 'Code of practice for dealing with professional difficulties' and, only where appropriate, to invoke the disciplinary procedures if this fails, as well as ensuring all relevant staff receive appropriate staff development
- agreed revisions to the code of practice, to minimise the risks to students and others of exposure to poor practice.

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Case study 13
Procedures and training to help managers tackle poor performance
Leeds Metropolitan University

A key goal of the university's HR strategy is to 'review, develop and implement human resource policies, procedures and practice that enable the university to manage staff consistently, fairly and effectively. This will include action to tackle poor performance.'

Many policies to support the focus on poor performance have been put in place over the last 12 months. The university has agreed a new disciplinary procedure and a new attendance monitoring procedure with both trades unions. A priority is now to ensure that these initiatives are supported by coaching and direct training of managers and supervisors to deal with poor performance.

Reviews of the probation and grievance procedures are planned for 2002-03. These will also require coaching and training to ensure effective implementation.

Staff development activity around managing performance, including appraisal training, has taken place and more is planned. Senior staff will be given more 'hands on' training to deal with difficulties with managing people.

The issue of some staff being less amenable to change as they approach retirement age, particularly

academic staff, remains a difficult challenge. It is often not appropriate to channel scarce resources towards retraining staff at the end of their professional careers. Some proposals to address these issues will be brought forward, including the selective use of voluntary severance, early retirement, outplacement and community involvement.

Objective 1

To install a performance management culture within the university at all levels, giving managers the skills and confidence to manage people effectively and **fairly.**

Action 1.1

Skills-based training and development programmes, focusing on people and performance management skills, will continue for the next three years.

Outcomes 1.1

- Evidence of fewer people-management problems as staff and management become clearer about their roles, rights, and responsibilities.
- Average divisional/faculty absence levels will reduce by 15 per cent by 2004 from current levels of absenteeism. The university corporate average is currently eight days but this varies greatly between areas and staff groups.

Action 2.2

A new probation policy and a revised grievance procedure will be developed and implemented by the end of 2003.

Outcome 2.2

Monitoring of disciplinary, grievance, and attendance levels will demonstrate tangible improvement (as above).

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Case study 14
Setting clear standards and expectations for staff
Royal College of Art

The college has an established system for measuring the performance of its staff throughout the probationary period and then through the formal annual appraisal. This is informed, where appropriate, by student feedback, departmental reviews and monitoring. The manager must fully accept a responsibility for enabling the employee to succeed.

Poor performance incorporates a range of work-related issues. Principally it is the failure to fulfil satisfactorily the duties outlined in the job description. However, other factors impinge on employees' performance: ill health, poor timekeeping, absenteeism, domestic considerations, difficult work relationships, poor job design and inadequate training all have an impact. Only some of these factors are within the control of the member of staff.

The college currently takes action on serious poor performance through its disciplinary procedures, and for academic staff through the contract renewal process. But some line managers feel that poor performance is not equivalent to the wrong doings normally dealt with through disciplinary procedures, so are not comfortable using such procedures.

To ensure that underlying issues are addressed and that college staff are given every opportunity to fulfil their potential, the following objectives and targets have been established.

Objectives:

- to ensure that performance-related problems are dealt with effectively and fairly
- to ensure that each employee is enabled to fulfil, satisfactorily, the duties of his or her job
- to ensure that there are clear standards and targets for every employee.

Targets:

- to review the existing appraisal system in order to increase its effectiveness and the proportion of staff appraised
- to review current procedures for tackling poor performance to ensure that they are appropriate, and to consider the benefits of introducing a poor performance policy
- to make explicit to managers, through training and clearer communication, the standards that their staff should be expected to achieve, as set by the terms and conditions of employment, the job description, job evaluation and appraisal
- to introduce a programme of management development for heads of school, heads of department and deputy heads of department to generate a stronger management culture.

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Annex A

Specific areas which HR strategies should cover

1. Each HR strategy should cover the following areas:

   a. Address recruitment and retention difficulties in a targeted and cost-effective manner.

   b. Meet specific staff development and training objectives that not only equip staff to meet their current needs but also prepare them for future changes, such as using new technologies for learning and teaching. This would include management development.

   c. Develop equal opportunities targets, with programmes to implement good practice throughout an institution. This should include ensuring equal pay for work of equal value, using institution-wide systems of job evaluation. This could involve institutions working collectively – regionally or nationally.

2. Strategies should also cover how institutions will address (or are already addressing) the need to achieve:

   d. Regular reviews of staffing needs, reflecting changes in market demands and technology. The reviews would consider overall numbers and the balance of different categories of staff.

   e. Annual performance reviews of all staff, based on open and objective criteria, with rewards connected to the performance of individuals including, where appropriate, their contribution to teams.

   f. Action to tackle poor performance.

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